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THE UNDER SECRETARY OF COMMERCE
Washington, D.C. 20230

DEC 18 1975

MEMORANDUM FOR JOHN NORTON MOORE
Chairman, NSC Interagency
Task Force on the Law of the Sea

Subject: Draft Memorandum to the President Concerning the U.S.
Delegation's Instructions for the Law of the Sea Conference

The Department of Commerce has no objection to transmittal of your proposed memorandum to the President. However, the present instructions do not offer specific policy guidance the delegation needs to assure that negotiating positions in Committee I are consistent with overall U.S. commodity policy and the fundamental U.S. negotiating objective of assuring "guaranteed non-discriminatory access by U.S. firms to deep seabed resources under reasonable terms, coupled with security of tenure."

LDC pressure to increase their control over raw materials production and trade increasingly impinges on the deep seabed negotiations. At recent intersessional negotiations in New York, two related commodity issues came more sharply into focus: (a) participation by ISRA in any international commodity agreements that might be negotiated for seabed minerals and (2) compensatory financing for land-based producers.

Any proposals that relate to international commodity arrangements raise serious issues of overall U.S. commodity policy which should be first coordinated and cleared with the interagency Commodity Policy Coordinating Committee. Moreover, ISRA's participation in any international commodity arrangement which directly or indirectly controls production or prices is inconsistent with present negotiating instructions and overall U.S. commodity policy.

If any accommodation of land-based producers' interests is required, compensatory financing rather than commodity agreements should be used. The U.S. delegation's position should be that existing compensatory financing facilities can provide more comprehensive and

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instructions apply.

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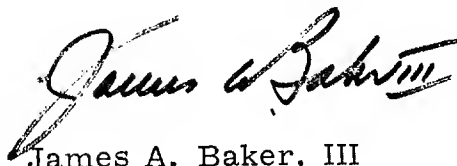
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effective remedies for land-based producers than comprehensive commodity pricing arrangements. Land-based producers faced with balance of payments and loss of export earnings difficulties resulting from deep seabed production should avail themselves of compensatory financing funds which the IMF provides. The IMF facility is in the process of being further liberalized.

The current instructions authorizing adjustment assistance should only be exercised as a final fall-back position and provided that OMB, Commerce and other agencies responsible for international commodity policy have approved the proposal. I understand that the Treasury Department and CIEP generally agree with our views on these issues.

While I understand that your memorandum to the President will be submitted to the NSC Under Secretaries Committee, I feel that these issues deserve urgent consideration. The Department's Task Force for the LOS negotiations, chaired by Howard Pollock, is continuing to examine other areas of the delegation's instructions to determine whether additional policy guidance may be necessary.

In addition, I would invite your attention to the attached recommendations regarding LOS issues made by this Department's Marine Petroleum and Minerals Advisory Committee at its September 1975 meeting. These recommendations, which meet with my approval, are consistent with the instructions to the delegation; however, I feel that it is important to call special attention to them because they reflect the views of key representatives of industry as well as environmental and other public interest groups.



James A. Baker, III

Attachment

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